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ABSTRACT

This issue paper, meant to stimulate discussion within the employment and training community, offers three different perspectives on improving conditions in rural areas. However, all of these perspectives share common themes: a belief in the ability of rural areas to recover economically, a commitment to ensuring that this occurs, and the use of job training programs as a major component of that activity. The sections of the paper are as follows: "Introduction: The Rural Dilemma" (Jerald T. McNeil); "Economic Development through Customized Training" (Judy Kuhlman); "Strengthening a Rural Economy" (Linda Odum); and "The Marriage of JTPA (Job Training Partnership Act) and Economic Development in Rural Northern Michigan" (Roberta Volker-Foreman). (KC)

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ISSUES IN TRAINING AND EMPLOYMENT

ECONOMIC DEVELOPMENT: A RURAL PERSPECTIVE

Judy Kuhlman

Linda Odum

Roberta Volker-Foreman

introduction by Jerald T. McNeil

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published by

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Economic Development: A Rural Perspective

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ECONOMIC DEVELOPMENT: A RURAL PERSPECTIVE

Preface

The National Association of Counties (NACo) is pleased to publish this *Issue Paper* entitled "Economic Development: A Rural Perspective". Recently, much discussion has focused on the plight of rural America. There has been little discussion about the solutions which must be implemented to revive rural areas. This paper offers three different perspectives on improving conditions in rural areas. However, all of these perspectives share common themes: a belief in the ability of rural areas to recover economically, a commitment to insuring that this occurs and the use of job training programs as a major component of that activity.

The National Association of Counties has a long standing commitment to the survival and ultimate development of rural areas of this nation. We are exploring various methods of addressing the problems of rural areas through our economic development, aging, mental health, public health and job training efforts. We believe that this paper by Judy Kuhlman, Linda Odum and Roberta Volker-Foreman, service delivery area administrators from rural areas in the midwest, south and upper midwest, and Jerald T. McNeil, director of NACo's Training and Employment Programs, provides important information on how local Job Training Partnership Act (JTPA) programs are addressing this pressing need.

This paper was sponsored by NACo's Training and Employment Programs, through a grant from the United States Department of Labor Employment and Training Administration. This paper is meant to stimulate discussion within the employment and training community. We would appreciate your comments. Please address your comments to Neil E. Bomberg, Research Associate and Editor, Issue Papers Series, National Association of Counties, 440 First Street, NW, Washington, DC 20001.

Introduction: The Rural Dilemma

Jerald T. McNeil
Director
National Association of Counties' Training and Employment Programs

"Why should we train people for jobs that do not exist?"

"Why should we try to attract new businesses to our area if we can't keep our young people here to fill the new jobs?"

"Why should we try to improve our rural economy when we know that business and employment opportunities will continue to move out of rural areas and into this nation's urban areas?"

These questions are heard time and time again in rural America. The answers which these questions generate, all too often, reflect a view that the economic future of rural America is beyond the control of those who reside there and that its destiny is based on what someone from the outside brings its way.

Is this view correct? As with any generalization, it overstates and oversimplifies a problem. Rural America is as heterogeneous as its urban counterpart. What is a problem in one area may prove a benefit in another area. While it is true that much of rural America is facing significant economic and social problems and hardships, it is also true that many rural communities continue to have or are developing strong, viable and vibrant economies. Rural America, in spite of or because of its many successes and problems, continues to be a major political, social and economic force in this nation.

Why then have we heard, during this decade especially, discouraging voices emerging from and about rural America? Why have we heard futurists, economists, politicians and others argue that rural America can no longer offer rural Americans good jobs, good wages and a quality life style? We have heard these arguments made because so much of rural America is experiencing deteriorating tax bases, failing public schools, decreasing numbers of young and working-age residents and increasing numbers of senior citizens and, of late, devastating effects of the 1988 drought.

We have heard these arguments made because rural America, like urban America, has experienced, during this decade, a major economic transformation which has affected the political, social and economic fabric of this nation. As our nation's manufacturing sector is transformed and replaced by an economy based on services; as the strength of basic rural industries — farming, agriculture-based industries and mining — decreases; as hundreds of thousands of rural Americans leave their small towns and head for urban areas in search of job opportunities and a "better quality of life" it is inevitable that conclusions will be drawn about the survivability of rural America.

Why are we so concerned about the fate of rural America? Rural communities, historically, have been an important element in a strong America. They have provided balanced and diverse opportunities and living experiences for their residents. These opportunities have included affordable housing, adequate health care, quality education, a healthy environment, recreation, and above all, jobs. Jobs are what sustain a community and provide an identity for that community and its residents. Without jobs, no community can survive.

The presence of these opportunities within a community cannot be guaranteed. No one has patented a no risk or fool proof method for insuring that these opportunities exist. In rural communities, the ability to provide these opportunities is hampered by such factors as isolation, infrastructure problems and the like. Yet if rural communities want to survive, they must provide these opportunities.

In the articles that follow, Linda Odum, director of the Bay Area Consortium Private Industry Council (Virginia), Judy Kuhlman, director of the Western Missouri Private Industry Council and Roberta Volker-Foreman, director of the Region 7B Consortium (Michigan) provide different but important perspectives on how to address the economic problems which confront rural America. As Job Training Partnership Act (JTPA) program administrators, they share a common view: that job training is an important component of any effort to increase the quality and quantity of jobs within their service delivery areas (SDAs). That is, however, where the similarities end. Each comes from a uniquely different part of the country, with very different problems and different traditions to address those problems. In turn, each offers different solutions to the problems at hand. Judy Kuhlman offers a very specific proposal around customized training. She urges its use because it allows local job training programs the flexibility which they need to respond to the specific job training needs of employers. Roberta Volker-Foreman reviews the programmatic outcomes which emerged through local efforts to link economic development and job training activities. These include a Local Procurement Office, a Small Business Center and an Area Development Office. Linda Odum offers a broad outline which presents the approaches to economic development activities developed by her Board of Directors to achieve a rural renaissance in the Northern Neck of Virginia.

As we move toward a global economy, there will be increased competition among communities, counties, states and regions for business and industry. It will also mean increased competition between nations, and may mean the continued export of jobs from this nation to third world nations. Decisions will be made by those businesses and industries to locate where profits can be maximized. The impact of those decisions will be reflected in the quantity and quality of jobs within the area.

Our search for jobs will force us to be competitive. However, the answer for rural America does not lie in trying to compete directly with third world countries. For example, America should not attempt to compete with those counties on the basis of low wages. Our competitive edge lies in our ability to provide a workforce which is significantly more educated and better trained than those of third world countries. Our competitive edge rests in our capacity to produce specialty goods which require technology and a workforce capable of using that technology which is not available to third world countries. Our competitive edge exists because we control technology and related change and can develop job training and educational programs which respond to the technology and change which we — and not third world countries — are developing and implementing.

We must view change as an opportunity which may require substantial investments in our community's infrastructure and people, but which can prove very beneficial to communities willing to make those investments. JTPA cannot build new bridges, roads, water systems, electric plants and other infrastructure items of importance to rural areas. But it can provide a mechanism by which:

- o to train unskilled workers to become skilled and productive workers, and
- o to foster positive change by establishing strong partnerships between elected officials and business and community leaders.

JTPA can be the vehicle by which community leaders come together, through the private industry council system, to develop consensus about the directions local economies should take. JTPA can convene those who can develop the economic development strategy so that job growth and job development can take place.

JTPA can play a significant role in this process. JTPA program administrators can work closely with state and local economic development agencies to supply the training resources and related services to insure a well-educated and well-trained workforce for new or expanding businesses. JTPA program staff can work with the private sector to develop customized training packages which insure an employer that he or she will have the workers they need. JTPA can provide a wide range of services from basic job placement to sophisticated classroom training depending on the specific needs of the employer and the types of jobs which must be filled.

JTPA provides, as Linda Odum, Judy Kuhlman and Roberta Volker-Foreman demonstrate, an important tool to accomplish a wide range of goals and objectives to benefit their communities.

Economic Development Through Customized Training

by Judy Kuhlman, PhD
Director
Western Missouri Private Industry Council

Fundamental changes occurred in rural America during the 1980s. Farm foreclosures, a growing federal deficit, bank and business failures created new problems for rural employment and training systems. Financially stressed state and local governments lacked the resources to fund new programs or initiatives to address these problems. Responses to rural problems also expanded beyond agricultural revival solutions. The local role in economic development became increasingly important for Job Training Partnership Act (JTPA) programs.

The Job Training Partnership Act was formed on the premise that employment and training programs can aid the economically disadvantaged, the unemployed and the underemployed if programs prepare participants to meet the employer's needs. Customized training as an economic development tool can successfully assist in job creation and economic development.

The recent report, *Building a Quality Workforce*, a joint initiative of the U.S. Departments of Labor, Education and Commerce, states "Employers are practically unanimous in their concern that competencies of entry level workers are deficient."

As business people, private industry council (PIC) members share Secretary of Commerce C. William Verity's concern about achieving higher productivity when, all too often, it is difficult to hire new employees that are capable of completing the work they were hired to do. Even employers who are willing to do on-the-job training (OJT) for specialized skills are often confronted by workers who do not have the basic skills needed to learn a job and peform basic tasks. This is especially true among youth. This skills gap is increasing. Reports from all sources paint a bleak picture of how well employer requirements meet potential employee skill levels.

Changing career patterns occur parallel to technological change. No occupational skill will last a lifetime. The trend is to eliminate the less skilled jobs in business and industry and place a higher emphasis on basic skills and abstract knowledge such as problem solving. Most adults have not taken training like correspondence courses, on-the-job training or adult education courses. Adapting to the needs of these workers as they change career paths and need to retrain is a high priority in customized training.

Human resource development can be enhanced by formal and informal education programs. We are at a period when continuing education is not only desirable, it is a necessity for many if they intend to remain in the labor force.

Since 1986, the United States Department of Labor, the National Association of Counties, the National Alliance of Business, and others involved with employment and training have been taking a concentrated, critical look at America's work force for the year 2000. The results are raising many concerns.

They have found that we are going to be faced with significant education, training and retraining needs that cannot be met with most current systems, unless we make changes.

"In rural America, small businesses provide rural communities with their lifeblood," said James Abdnor, Administrator of the Small Business Administration, while testifying before the Senate Small Business Subcommittee on Rural Economies and Family Farming. Small business created 94 percent of the new jobs begun in the U.S. from 1980 to 1986. "Yet, very small firms employing 20 employees or less were responsible for almost two-thirds of all rural jobs growth," he said. Ironically, the number of small businesses

in rural communities grew by only 8.5 percent between 1980 and 1986, while the number of small firms in urban areas grew 18 percent. Serving the needs of these small businesses requires spending time determining their specific training needs.

The Council on Competitiveness recently released a report calling for major new investments in education and university research and for policies to diminish the lag time between lab discoveries and production of new products. Much of this is based on the idea of a shrinking domestic market. The study challenges the belief in high technology as the way to economic gains. But, the point here is missed if we do not look to economic development simultaneously.

Loss of jobs in large companies from 1974-1984 reached 1.4 million. At the same time 41,000 new industries focused on basic products. There is a greater shift from large manufacturing to small business than from manufacturing to high technology.

Small businesses — those most often found in rural areas — frequently have trouble surviving their first two years. JTPA- sponsored OJTs can dramatically reduce some of the start-up costs which small businesses experience by assisting with training of their workforce, until they become productive employees.

Our economy, over the next twelve years, has the potential to create over 16 million jobs. It is estimated that the work force, however, will only increase by 14 million individuals. This means that the supply of labor will grow more slowly than at any other time since World War II. That is at half the rate of the 1970s. In addition, the work force will average 39 years of age by 2000. Women will make up 47 percent of the work force and 60 percent of working age women will be at work. Necessity will require the employment of many currently defined "high-risk" individuals.

In 1984, Madeline Hemmings, National Alliance of Business, discussed The New Job Training Partnership: Designed to Serve Small Business. She emphasized how the employment and training system works with and trains the same types of people small business is now hiring: teenagers, first time job holders, people with lower levels of education, disadvantaged minorities, mature, experienced workers and women. Through customized training these individuals are prepared to specifically meet employers' needs.

Customized training places small and large businesses, alike, in a position to assure themselves of a steady supply of prepared, productive workers. Employers know the exact level and type of training the participants have had because they created the program. In addition, the business can be assured of quality programs because the program is performance driven.

At the same time, JTPA operators meet their goal of moving disadvantaged individuals to permanent unsubsidized employment. The participants become productive, contributing members of society and in turn more satisfied people. After all, we know that work can be tedious, unpleasant or demoralizing . . . or challenging, meaningful and satisfying. Participation in work affects almost every aspect of a person's life.

Customized training plays an important role in answering the economic development needs of SDA 4 — Western Missouri Private Industry Council — in Sedalia, Missouri. By contributing as an economic catalyst and aiding business and industry by supplying a steady source of prescreened and trained workers, customized training provides support to long term economic and business development.

The Western Missouri Private Industry Council realized the importance of customized training to develop a skilled workforce for meeting the needs of new and expanding industries early in JTPA's transition year (October 1983 to June 1984).

Service Delivery Area 4 consists of 13 counties in western Missouri. One county, Lafayette, was added to the Kansas City Metropolitan Statistical Area (MSA) after the 1980 census; otherwise, there are no MSAs in the SDA. The largest cities are Sedalia, Warrensburg, Marshall, Nevada, Clinton, and Lexington. Twelve communities have a population over 2,300; two are located in one county.

Although agriculture is important in this predominately rural SDA, there is also a relatively large non agricultural industrial base. Food products, garments, footwear and electrical goods are the largest manufacturing industries. The most important non-manufacturing industries are wholesale and retail trade, banking, medical care and education. The recent completion of the Harry S. Truman Dam Reservoir has created some new jobs in recreational services, but restrictions on commercial development of the lake have prevented any major growth in tourism.

Within this framework of diversity, a full menu of program options are available to assist participants. We seek to meet our goal of opportunity for everyone through training and program strategies designed to meet the needs of the business community.

Economic growth has been bleak in most rural communities of the nation. The Annual Average Employment Growth Rate for Missouri's SDAs from 1984 to 1986 ranged for 6.22 percent to. 01 percent. Service Delivery Area 4 had the lowest at .01 percent according to University of Missouri data. Within this framework, the Western Missouri Private Industry council wished to create economic growth.

The workforce available is easily motivated and possesses excellent work ethics. Yet, few have the skills and technical knowledge required by modern industries. Therefore, human resource development was necessary, for company employees required for area industries to develop and maintain competitiveness in the global market.

According to the Missouri Department of Economic Development, last year more than 60 percent of the new jobs created by new and expanding manufacturers in the state were in companies employing less than 50 employees at start-up or adding no more than 50 employees in an expansion. Through the Division of Job Development and Training, funds are available from both JTPA sources and the Missouri Job Development Fund to provide customized training. The combination of federal, state and local funds available to Missouri employers assures industry of an educated, trained workforce, and we save employers time and money.

Starting, expanding or improving a business is not an easy task. It requires a search for qualified employees, teaching them new skills and sometimes large capital expenditures. Regardless of the need, the customized training program makes building a competent and talented work force easier and more cost effective.

Through the cooperative effort of combined resources, employers have access to a wide range of training services designed for their business and their employees. With a minimal amount of paperwork, they receive financial assistance and tax credits to offset the cost of those services.

Customized training involves skills training in a classroom setting, on the job training, or both. Employers get a program designed to meet their specific training objectives. And most importantly, they play a significant role in the development of the program. A business can utilize customized training: when it is new or expanding and creating new jobs; when it needs to retrain existing employees as a result of substantial new capital investment; or when it needs to retrain existing employees as a result of substantial new capital investment; but as a result of the introduction of new products or services or to upgrade quality and to improve productivity.

We cut employer training costs. Customized training offers a reimbursement program which may include: instructors' salaries; instructional supplies (textbooks, workbooks, audio visual tapes, etc.); vendor trainers (used in curriculum development or as instructors); and training wages (up to a maximum of 50 percent for all eligible trainees).

We also help employers save on their taxes. Employers may be eligible for these federal and state job tax credits: a maximum federal tax credit of $4,500 for each trained individual you hire who meets guidelines under the Targeted Jobs Tax Credit Program and state-sponsored new job tax credits for new or expanding businesses. In Missouri, credits of $75 per new business employee and $100 per expanding business employee for ten consecutive years once claimed. The amount may vary from year to year depend-

ing on the number of jobs maintained throughout the period. In Missouri, additional tax credits are available through Missouri's Enterprise Zone Program. New and expanding businesses located in an Enterprise Zone may receive a $1,200 credit for each new employee and up to a $400 training credit for each new trainee who is a Zone resident or is considered unemployable.

Depending on the type of training and funding source, the employer may be asked to contribute to the total program cost, either directly or through in-kind contributions. Contributions may include: the value of training space or equipment; salaries and benefit for professional, clerical or service personnel; supplies and raw materials used during training; or wages and benefits for trainees.

While we maintain an open arms attitude toward business, there are certain criteria which must be met for project approval. Upon receipt of an application, projects are reviewed for the number of jobs created, the number of jobs retained, the cost effectiveness of the program and the impact on employee wages and capital investments.

To promote customized training in SDA 4, a "one stop concert" has been developed where a representative of customized training visits with potential business industry customers to determine their training needs.

Customized training is a program specifically designed to prepare employees to meet the requirements of a job or group of jobs within a company. To participate in this type of program, a business must agree to hire those individuals who satisfactorily complete the training designed to meet the employers specifications. This training may be done at the business site by one of the company staff or may be provided by a qualified outside service provider, often one of the education consortium members including seven vocational technical schools one community college or a state university.

Once a training need has been established, sources of funding are secured to complete the actual training. Services offered include classroom training, on the job training, and mediate productions of industrial process; development and delivery of specialized program training is the key to success. The Western Missouri Private Industry Council, economic development personnel, chambers of commerce, vocational technical schools, and college combine efforts to serve participants and business industry. This program is successful because of the flexibility which allows it to meet the needs of industry.

To create the strong local economic development linkages, the Western Missouri Private Industry Council belongs to every chamber of commerce in our 213 county seats. Staff members attend meetings and serve on local business committees, including a military affairs committee or a local air force base linkage. Economic development and industrial development boards and directors are visited by staff of contracted service providers which are community action agencies, education institution representatives along with Western Missouri Private Industry Council members. Everyone promotes the program from the same conceptual base, and the Council has the leadership role. Networking occurs at its best because everyone has something to gain from the system, including economic development.

During the past three years, the Council has developed and delivered training to 113 industries over 7,600 employees for a total of $2,798,625 at an average cost of $368.24 per employee in all types of business. Since PY 84 the program has placed 1,967 individuals in customized on the job training for new or expanding business. As a part of the Western Missouri Private Industry Council local support, each year since 1984, more than 20 percent of the Title IIA training budget has been allocated for custom training support.

In PY 87, 286 participants were trained through customized on the job training and placed in unsubsidized employment while assisting 37 businesses with their training requirements. The entered employment rate was 80 percent in PY 87, attesting to the high quality of customized on the job training developed by the Western Missouri Private Industry Council.

Customized training provided through the Department of Elementary and Secondary

Education assisted 14 businesses while providing customized classroom training for 1,936 individuals in PY 87. Most of these are expanding businesses in need of assistance with training to remain competitive. Seven customized training programs provide a combination of classroom and on the job training.

Through the efforts of Western Missouri Private Industry Council, SDA 4 began a special customized training effort in JTPA Program Year 1986 (July 1986 through June 1987). An industry was chosen that had a successful on- the-job training program and wished to create a more tightly structured competency-based training effort. This company became one of the two pilot sites in Missouri. Funds for the program were provided by the Department of Elementary and Secondary Education through a Division of Job Development and Training contract.

With the help of the Instructional Material Laboratory at the University of Missouri, the Western Missouri Private Industry Council staff, and the local vocational technical school, a competency-based quality assurance program began in Program Year 1987 (July 1987 through June 1988). A competency-based program for customized training will be completed soon and available to support business and economic development throughout Missouri.

The State of Missouri has recognized this program on three occasions as exemplary. Since the inception of a Customized Training Award in 1986, this program has won that award in 1986, 1987 and 1988.

The Job Training Partnership Act created the opportunity for employment and training programs for employers to significantly influence how the program works, its quality and its usability for local employers. Customized training allows the private industry council to provide appropriate, timely and valuable skill training programs to a wide range of participants and businesses. The cooperative effort, linkage and support have insured consistently high quality, labor market sensitive and business need driven programs. Customized Western Missouri Private Industry Council Training makes a difference to rural economic development.

Strengthening a Rural Economy

by Linda Odum, PhD*
Director
Bay Area Consortium Private Industry Council (Virginia)

"... as we engage in the future, we must never forget that America was born on a farm in Virginia."

—Virginia Governor Baliles speaking before "agribusiness" representatives.

To obtain an accurate picture of the importance of agriculture, to Virginia, in general, and Warsaw, Virginia's Bay Consortium Private Industry Council, specifically, one must begin with:

- o the production capabilities of our family farms;
- o employment and revenues that are generated by farm expenditures; and
- o economics involved in supplying consumers with quality nutritious food items as well as wood and fiber products.

But one also must examine non-farm employment and income which is linked directly and indirectly to production in Virginia's farm, forest, and seafood sectors. Non-farm activities linked to farm, forest and seafood production provide the basis for jobs in fuel, fertilizer, feed, seed, machinery, chemicals, transportation, credit and finance, among others. Moreover, processing, transforming and m ving raw farm, forest and seafood products to market for the basis for jobs in such industries as transportation, food and fiber, wood pr cessing and manufacturing, retail, wholesale, and warehousing.

In response to the wide ranging impact which agricultural production has on a wide range of industries and businesses, the Board of Directors of the Bay Consortium Private Industry Council resolved, in 1986, to:

1) define the crisis within agriculture in terms which were specific to our service delivery area;
2) identify the problems which confront our local rural economy; and
3) identify and implement solutions to these problems.

We found that:

- o ten to 15 percent of all farmers have incurred debt equal to 100 percent of the asset value of their farms; and
- o as more and more farms and related businesses face bankruptcy, an already fragile economic base is further threatened by declining land values, decreased employment opportunities, and elevated unemployment rates.

The policy decisions to pursue long-term solutions were guided by the view that:

- o homegrown or "value added" businesses compatible with the area's natural resources and the needs or desires of local officials and residents must be explored and supported;
- o farm to non-farm linkages must be strengthened; and
- o capital formation and growth should be supported by the private sector with minimum government subsidies.

The next task for the Board was to identify the strength of businesses operating in the 16 rural jurisdictions that comprise the Bay Job Training Consortium. It was learned that the strength of businesses within the service delivery area vary dramatically, but that three basic levels of strength could be identified. They are:

- o businesses that are stable, strong and ready to expand;
- o businesses that straddle the fence between

survival and bankruptcy; and
o businesses that are embryonic.

In reviewing the needs peculiar to each of the three types of businesses, the Board created a matrix that cross-referenced the strength of firms by needs.

Strength of Business	*Need*
Strong	technical assistance for expansion: capital trained labor force
Fragile	technical assistance for survival: assistance out of business capital
Embryonic	technical assistance for development: entrepreneurial training capital trained labor force support/mentoring/ technical assistance

It was quickly apparent that the needs were not so different, as much as the content of the need differed dramatically. That is, each business group needed technical assistance. However, the technical assistance one would offer an expanding business would be unlike the assistance one would offer a brand new business.

The Board of Directors concluded that it was not their role to bring businesses to the area. Their responsibility, they concluded, was to provide the kind of support necessary for existing and emerging businesses to retain those jobs which already exist and create new ones to increase the availability of jobs.

To date, very specific steps have been taken by the Private Industry Council to implement solutions. The steps have included establishing a procurement assistance center, technical assistance, assistance to emerging businesses, assistance raising capital including development of a community development corporation and identifying and assisting with labor force needs.

The steps taken by the Bay Area Consortium Private Industry Council have been strategic, measured and chosen to become a permanent and consistent part of the total economic solution. This has not been an easy process. While it is possible to outline the steps taken, it must be understood that implementation of any one or all of these initiatives is a slow and often painstaking process.

The steps taken by the Bay Area Consortium PIC are outlined below:

Procurement Assistance Center — The Private Industry Council was successful in responding to a Solicitation for a Cooperative Agreement Proposal led by the Department of Defense, Defense Logistics Agency. The Center is in its first year. During the first months, the Center acquired a library of Federal documents and computerized search equipment, established an advisory council, and received the necessary training for the utilization of the computerized search methodology. The provision of services to business to assist in the acquisition of government contracts is now beginning.

It is expected that the Procurement Assistance Center will become self-supporting in the near future. In keeping with the PIC's philosophy which favors minimal government subsidy, the Defense Department and Bay Area Consortium Private Industry Council funds will be reduced substantially as the Procurement Assistance Center becomes self-supporting.

Technical Assistance — The Private Industry Council perceives its role as one of brokering technical assistance to business. There are numerous sources of excellent technical assistance available. Community colleges, small business assistance centers, peers, and retired business owners, colleges and universities, and state offices are some of the excellent sources of technical assistance.

The difficulty seems to be in having enough time to keep the business alive and find appropriate assistance. In responding to this need, the Bay Area Consortium Private Industry Council has authorized one new staff position -- Business Development Director — who will

devote significant attention to brokering technical assistance to businesses.

Emerging Businesses — with additional financial assistance from the Levi Strauss Foundation, the Bay Area Consortium Private Industry Council has initiated an entrepreneurial training program entitled Opportunities Unlimited. The program's thrust is to provide adequate training for potential entrepreneurs. A small loan fund (maximum loan not to exceed $2,500.00) has been established. A board of directors and set of committees made up of local business owners has been established. They will guide the program and act as mentors to the new entrepreneurs.

What is especially unique about this effort is that the target group for Opportunities Unlimited are those who cannot obtain loans and financial assistance because they lack the collateral, credit, or credibility with the lending community.

Capital — The Bay Area Consortium Private Industry Council is in the process of establishing a community development corporation (CDC). The CDC would include a for-profit venture capital subsidiary and is developing a portfolio of possible ventures to attract local investors. In order to accomplish this task, a Producers Cooperative is being planned. To demonstrate its commitment to the project, an additional staff position of Producers Co-op Manager has been established. The PIC is in the process of soliciting start-up funds from a variety of sources.

Labor Force Needs — Tied to its on-going state and federal mandates to provide training to economically disadvantaged persons, the Bay Area Consortium Private Industry Council is continuing to expand the scope and direction of its job training and placement activities. Among the methods used to increase the Bay Area Consortium's influence over job training and hiring within the area are up-grade training for existing employees, first source hiring agreements and employee owned business training.

We at the Bay Area Consortium Private Industry Council believe that the opportunities for job training and related activities are limited only by the failure of our vision. The problems which rural areas face are complex. They are made so, in large part, by a faltering farm economy. However, the complexity and extent of our problems in the Bay Area cannot be allowed to constrain our goals and objectives — to insure the continued growth and expansion of our economy; to insure that there are enough good jobs for each and every person desiring one; and to insure that there are enough well-trained individuals to fill those jobs.

*The author wishes to thank Dr. Berkwood Farmer, Executive Director, Rural Virginia Development Foundation and H. Earl Longest, President, Farm Credit Service, for their knowledge, expertise, and written materials from which I have liberally borrowed.

The Marriage of JTPA and Economic Development in Rural Northern Michigan

by Roberta Volker-Foreman
Director
Region 7B Consortium (Michigan)

The Region 7B Consortium service delivery area (SDA) is comprised of six rural counties in the east central portion of the state, encompassing approximately 3,086 square miles. The total population is 128,100; with an average of 42 persons per square mile. The largest community within the service delivery area had a 1980 population of 3,300.

Region 7B is the beginning of Michigan's "up north" vacationland and the local industrial structure is heavily weighted toward the retail trade, government and service's sectors of the economy. Manufacturing comprised only 13 percent of total employment in the region in 1984 compared to a statewide average of 28 percent. Civilian government employment makes up a full 30 percent of total employment in the region compared to a state-wide average of only 18 percent. The earnings of 13 percent of the civilian labor force are not sufficient to raise their families above the poverty level.

The regional economy is a network of small labor markets clustered around the towns and cites in the six-county area. There is a certain amount of commuting for work between towns and counties and the driving time between corners of the region is three hours.

With an average residency adjusted per capita income of $8,480 in 1982, Region 7B is one of the poorest areas in the state. Two major contributing factors are that the region has the lowest average wage in the state at $13,000 per year and has one of the highest rates of transfer payments as a percentage of personal income.

Statistical data for the population show that 74 percent are 14 or more years of age, and of this group 19 percent are economically disadvantaged, 42 percent are teenage parents, 21 percent have limited English proficiency and 58 percent are displaced homemakers. In addition, high school dropouts age 16 to 21 make up 27 percent of the region's disadvantaged youth and as many as 46.3 percent of disadvantaged adults age 22 to 64 have not received a diploma or equivalent.

It is estimated that 8,305 persons aged 22 to 54 and 1,400 persons aged 16 to 21 are eligible for JTPA.

Because of the high percentage of residents with incomes below poverty who are unskilled and the lack of public transportation, and relatively non-existent industrial growth; coupled with seasonal, low wage employment opportunities, Region 7B recognized the need for strong economic development efforts to be coordinated with local officials.

The infusion of public dollars for employment and training in an area such as Region 7B must be coupled with economic development for job creation — at a viable wage — if we are to realize the best use of public funds and create a climate for positive economic growth.

The emphasis on economic development in Region 7B actually started under the Comprehensive Employment and Training Act (CETA) programs which served this area; with the private industry council establishing a Local Procurement Center to assist private businesses secure federal government contracts. In exchange, the businesses receiving contracts resulting in a need to increase their work force agreed to hire CETA eligible individuals.

With the introduction of JTPA and the reduction in available funding, the need to further economic growth became a priority issue. The private industry council and staff of Region 7B facilitated meetings with community leaders, Department of Social Services, community

colleges, Vocational Rehabilitation, Michigan Employment Security Commission and other interested individuals to discuss combining resources — both financial and professional — to address the overall picture. The private industry council committed employment generating activities (EGA) monies towards the effort, assuring that job placements supported expenditures.

In 1984, the Michigan Department of Commerce, frustrated with their efforts at trying to assist with overall economic growth-especially in rural areas, met with local officials and SDA administrators to discuss the formation of Community Growth Alliances (CGA's) throughout the state to provide a link between the Michigan Department of Commerce and the local communities. These CGA's would, encompass a multi-county geographic area; and work with local governmental units as well as Industrial Development Corporations (IDC's) and Economic Development Corporation (EDC's). The three components of the CGA would be a Local Procurement Office (LPO), a Small Business Center (SBC) and an Area Development Office (ADO). Partial funding would be provided through the Michigan Department of Commerce, using a combination of Federal and State funds.

This marriage of JTPA and Economic Development took place in Region 7B in June 1985.

Since our Local Procurement Office was already operating, the infusion of funds allowed for expansion of services. The new components, the Small Business Center and the Area Development Office received support funding from JTPA EGA monies and local community colleges.

The Small Business Center is designed to provide assistance to small business owners and potential business owners in the areas of business planning, financial planning, market research and training. The staff work with the community colleges, Chambers of Commerce, local business organizations and Service Corps of Retired Executives (SCORE) as well as private individuals such as accountants, attorneys, personnel directors and established business owners to provide training seminars, one-on-one counseling and related services. In 1987, an Entrepreneurship Club was formed to allow small business an informal information sharing structure.

In the past 11 months, the Small Business Center has provided over 1,000 counseling hours to 442 clients. They have provided 70 program hours of training seminars; assisted in 17 new small business start-ups. These activities have resulted in 64 new jobs being created — 87 percent filled with JTPA clients — and 65 jobs retained.

The Area Development Office is charged with the responsibility of working with the local IDC's and EDC's to assist in retention, expansion and new industrial growth. In addition, the ADO is responsible for marketing our six county area throughout the country as a good place to do business. The development of new brochures and participation at trade shows throughout the country are an important part of the overall responsibility. The ADO personnel work hand-in-hand with the Michigan Department of Commerce in putting together financial packages for business expansion and new business as well as assisting local communities in infrastructure financial packaging to meet the needs of the manufacturing growth.

The Area Development Offices in rural northern Michigan have formed an alliance — North Force — to promote the area as a positive climate in which to do business. This group publishes a quarterly magazine, distributed nationwide, shares costs and space at trade shows, and has the enthusiastic support of the business community.

In the previous 11 month period, the Region 7B ADO personnel have been instrumental in assisting with 4 new large business start-ups and 14 large business expansions resulting in 123 new jobs, with a potential of an additional 100 to 150 within the next eight months. In addition, jobs retained exceeded 380. Public investment in these projects is approximately $350,000 as compared with private investment of $2,308,000.

On-going projects, such as formation of cooperatives for bee keepers, pallet manufacturers and agricultural products, as well as the current

expansions and new start-ups in the works, have a potential for upwards of an additional 150 to 200 jobs in the next 12 months.

The Local Procurement Office services have brought in $7,532,405.00 in new federal and state contracts to local manufacturers in the past 11 month period. This effort has resulted in 28 new jobs, rehiring of approximately 20 workers and retention of between 35 and 40 workers.

Tying the above services with JTPA clients has provided Region 7B with additional opportunities to reduce the welfare dependency, increase skill levels, provide living wages and improve the economic growth of our area. Many new hires are direct placements, thus freeing up JTPA dollars for serving additional clients.

The referral network for JTPA job ready clients has been enhanced by the arrangements stipulated with employers who receive assistance from our economic development center. Having both components under one agency provides a continuity of information flow among staff personnel, other agencies, and the private business community.

The private industry council, provides the catalyst for bringing the communities together. The members are active in their local community organizations, both public and private; strongly support the activities of Region 7B Consortium; and encourage local public and private participation in this regional effort.

Since no marriage is perfect, this one also has problems. The continual on-going problem of convincing local communities that their neighbor's economic growth will have a positive impact on their area has been the most difficult to overcome. With the infusion of new industry, and the benefits derived; the old "action speaks louder than words" has proven beneficial.

Due to size of the rural geographic area of Region 7B and the numerous small pots of money given to various agencies for economic development and employment and training — i.e., cooperative extension, community colleges, Department of Social Services, Employment Service, Vocational Rehabilitation, community-based organizations, unions, utility companies and others — the coordination of resources and services is an on-going process which is still somewhat fragmented.

The current clouds of concern deal with withdrawal of funding support from the Michigan Department of Commerce due to lack of a state legislature appropriation. To cover this deficit, Region 7B is working on a fee for service structure, as well as exploring private sources of financial assistance. Consumers Power Company has already made a financial contribution and Michigan Bell Telephone provided support for purchase of computer equipment. In addition, these two companies provide economic feasibility studies for our area and provide staff expertise.

The positives of this marriage — job creation at a viable wage, job retention and retraining, welfare dependency reduction, positive economic growth for distressed communities, increased training opportunities for economically disadvantaged individuals, better utilization of financial resources — are better cooperative efforts in providing services to clients and business, along with recognition of Region 7B as an organization of innovative, progressive professionals. The positives far outweigh the negatives.

We firmly believe that job training and economic development must work hand-in-hand in rural areas; that one without the other is a waste of time and money. If the rural areas of this country are to survive, we must educate our people and provide them adequate training; but most of all we must provide a climate for positive economic growth which will allow them the opportunity to utilize their skills earning a wage adequate to maintain a comfortable standard of living.

National Association of Counties
Training and Employment Programs
440 First Street NW
Washington, DC 20001

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